17 February 2016

Company Announcements Office
Australian Securities Exchange Limited
20 Bridge Street
Sydney NSW 2000

By electronic lodgment

Total Pages: 16 (including covering letter)

Dear Sir / Madam

HALF-YEAR RESULTS PRESENTERS' NOTES

Please find attached Presenters' Notes for the financial half-year ended 26 December 2015.

Yours faithfully

Warren Coatsworth
Company Secretary

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1H16 Presentation Speech

Opening slide – Tim Worner

Welcome to the Seven West Media 2016 half year results and thank you for joining us.
I'm Tim Worner,

Joining me here today for the presentation are:

a. Warwick Lynch - acting Chief Financial Officer,
b. Kurt Burnette – Chief Revenue Officer;
c. Clive Dickens – Chief Digital Officer;
d. Chris Wharton – CEO of SWM WA; and
e. Peter Zavecz, CEO of Pacific.

We will be happy to take questions at the end of the presentation.
Let's get started.

Slide 2

Disclaimer – Tim Worner

On page 2 is our disclaimer, which is customary for presentations of financial results.

Slide 3

Agenda - Tim Worner

On slide 3 is the agenda for today. I will run through our half year result for 2016 and then give you an update on the outlook for the rest of the year.

Warwick will then take you through the financial results in more detail before I review the business performance in TV, Digital, Yahoo7, The West Australian and Pacific. We will then discuss how we are tracking in the key areas of our strategy.

Slide 4

FY16 Half Year Overview

Now to the highlights on slide 4 for the 2016 half year.

I'm pleased to announce that Seven maintained its leadership position for a 9th consecutive year in television for both revenue and ratings share. It is also a 19th consecutive half of revenue leadership. We now have a decade of dominance in our sights.

We have had a history-making start to the ratings season and the biggest show on television is bigger than it was last year. There are more people watching My Kitchen Rules this year than in 2015. With the Olympics and a strong content lineup for the rest of the year in our back pocket, I am confident that our team will push very hard toward that decade of dominance.

I may have said to you before that transforming a company and delivering these results is like changing a tyre while travelling 100km/h down the highway. It is no easy feat, but our team has once again delivered, while also undertaking huge change across the organisation. We have a transformation program in place that is reviewing all processes and areas of the business to determine where there are greater efficiencies that can be realised while not compromising the quality of our prolific content output. In addition we are also exploring ways to collaborate more efficiently with competitors in our industry, which is a marked change in terms of how we would have operated a few years ago. We are not just talking about sharing news choppers on the weekends. We are looking at far bigger lumps of cost. More on that later.

A major milestone in the transformation of our business was delivered in the half with the highly successful launch of live streaming as planned and well ahead of anyone else. With Racing dot com starting yesterday, all the channels of Seven are now live 24/7 anywhere, anytime and on any screen right across Australia. Importantly this is also now independently measured and incrementally monetised. This is a very exciting opportunity for our company as we have now served almost 10m live streams in the first 15 weeks alone. More on this later as well.

We continue to invest in producing our own content locally and internationally which we called out as a priority the last time we were in front of you. This focus is paying off with our 3rd party production and program sales doubling this half, off the back of commissions from Foxtel, The Travel Channel, various UK broadcasters and continued demand for our formats and finished programs overseas.

Financial highlights for the half-year include:

Underlying net profit after tax of $140 million was up 2.1% on the prior comparative period.

As we've already underlined an ongoing and very real focus is cost control. We continue to work hard at it, with the company delivering a 4% reduction year on year.
Group EBIT declined 9.4% to $205 million. We maintain the guidance outlined at our AGM in November. However I would note that excluding associates, which includes our early stage investments which are obviously important to our transformation, EBIT would have declined 4.3% in the half.

Our company continues to generate strong operating cash flow, recording $187 million for the half. Reducing net debt to improve our financial flexibility also remains a key objective. In the period, net debt reduced by a further $77 million, which brings our leverage down to 1.7 times. This is consistent with our prudent approach to capital management.

The Board has declared an interim dividend of 4 cents per share fully franked.

Slide 5

EBITDA Margin Graphs - Tim Worner

On slide 5 we have outlined the trends in group net debt, operating costs, margin and the percentage breakdown of earnings by division. I have covered off a number of these points already, but I take the chance to reiterate that our cost base is something we will continue to review over the next 12 months.

Moving on to slide 6.

Slide 6

Performance and Outlook - Tim Worner

The overall advertising market grew 3.4% in the period. The metro television market remained relatively flat for the year while the Newspaper and Magazines advertising revenue remained under pressure. Digital revenue across the group delivered strong growth driven by new initiatives including that launch of live streaming. While we've outlined digital as a separate category here, we don't see this as a division in isolation as it is now firmly integrated into the way we work across all our businesses.

In terms of outlook for this financial year, we forecast the metro television advertising market to be relatively flat, while we expect advertising trends in our publishing assets to continue.

3rd party productions and program sales is a strong area of growth for our company and we forecast this revenue to grow at double digits for the full year. We forecast EBITDA for this division to be approaching 20% of our earnings in television.

For the current financial year, we forecast operating cost to be lower year on year, excluding the impact of third party commissions and events.

We make no change to our guidance provided in the AGM commentary. We do forecast our percentage change in EBIT to be at the lower end of our guidance but our transformation continues at pace. We expect underlying Group EBIT for FY16 to be down approximately 10% on FY15.

I will now ask Warwick to take you through the financials in more detail.

Slide 8

Financials – Warwick Lynch

Thanks Tim.

Turning to slide 8 and the Group Financial Results.

Seven West Media reported a statutory profit after tax for the first half of the year of $135.2 million. Excluding significant items of $5.1 million, underlying net profit after tax was $140.3 million. This underlying result is an increase of 2.1% on the prior year.

Our Basic earnings per share for the half was 9.3 cents per share excluding significant items. With the convertible preference share structure resolved, there is minimal difference to diluted EPS. The decline in EPS against the prior half is largely attributed to the capital raising completed in June 2015.

A fully franked interim dividend of 4 cents per share has been declared and will be paid to shareholders in April.

Slide 9

Income Statement – Warwick Lynch

Slide 9 shows the income statement for the half year and a reconciliation of EBIT to the statutory outcome.

Total group revenue before associates was 4.1% lower than the same period last year, at $897 million.

Group operating costs decreased by 4.0% to $687 million, delivering EBIT at $205 million, which is 9.4% lower versus the prior period. However that result includes the impact of our early stage investments in associates. Excluding associates, EBIT is down 4.3% on prior period.

Finance costs of $19.5 million are down 38.3% compared to last year, due to reduced debt levels and lower borrowing costs. In June 2015 the company completed a capital raising as part of the early conversion of its convertible preference shares. Following this, the group also refinanced its facility in July 2015 locking in more attractive borrowing rates.

Significant items of $7.3 million or $5.1 million net of tax, relate to redundancy costs as part of our business transformation program.

Tax expense was $43.4 million for the half.

Moving to slide 10.

Slide 10

Cash Flow – Warwick Lynch

We are a strong cash generating company and this period is no exception, recording operating cashflow of $187 million.

The outflow of working capital of $46.1 million mostly relates to the payment of Olympic and sports contracts as well as early production costs. This will largely reverse in FY17. Other differences represent the timing of our investment in both local production and purchased programs.

Net tax payments of $7.0 million compared to net receipts of $17.7 million in the prior period, which was affected by a tax refund relating to the acquisition of sporting rights in 1H15.

Net finance payments of $17.2 million have reduced largely in line with finance costs in the P&L.

Capex has decreased from the previous year to $12.7 million. Capex for the full year will be largely in line with FY15, as we look to further implement our strategic initiatives.

Share issue costs relate to transaction costs paid in the current period relating to the FY15 capital raising. Share buyback costs have been $3.8m to date.

Slide 11

Net Debt – Warwick Lynch

Turning to net debt on slide 11.

We have continued to apply our operating cashflows to improve the net debt position with a prudent focus on capital management. Net debt for the half was $655m, bringing the group's leverage ratio to 1.7 times EBITDA. The interest cover ratio has also improved, up to 8.4 times.

As is normally the case net debt will be lower at the half year than in the full financial year due to regular seasonal factors which impact the timing of payments. There are also some favourable movements in terms of timing of payments in the current half, including tax and capex, which will be partially unwound in the second half.

Turning to performance levels on slide 12.

Slide 12

Group Revenue Performance – Warwick Lynch

Group revenue has seen a decline of 5.3%. Television revenue is down just 2% - a result that reflects a large increase in 3rd party production revenue and program sales.

In terms of revenue contribution to the Group, the proportion related to Television continues to increase, now at 74%. The publishing businesses contributed over $220 million of revenue for the half year.

Other Business and New Ventures is impacted by the negative contribution of early stage investments including Presto, Health Engine and Nabo.

Slide 13

Group Costs and EBIT – Warwick Lynch

Slide 13 shows the breakdown of total group costs and EBIT by division. Total costs declined 4.0%, or $28.6 million, as a result of our ongoing discipline in this area.
Television costs decreased by $17.9 million, a result of cost-out initiatives including our decision not to renew the V8 Supercars agreement. This was partly offset by an increase in 3rd party production costs. EBIT for television was $185.4 million, an increase of 2.0%.

Newspaper and Magazine costs reduced by 8.3% and 3.3% respectively, while EBIT for these divisions was impacted by revenue pressures.

The other segment includes regional radio in Western Australia, the Red Live business as well as earnings from associates, including Yahoo7. 'Other' EBIT is impacted by the contribution of early stage investments and new business initiatives.

Group EBIT of $205.4m is down 9.4%. Again, it is noted Group EBIT excluding associates is down 4.3%.

Slide 14

Television Divisional Performance – Warwick Lynch

Slide 14 covers the specific performance of the Television division and the disclosure is consistent with previous presentations.

Total television revenue is down 2% equivalent to $14.3 million.

Seven's combined metro and regional advertising revenues for the half declined 5.8% against prior period.

Seven's share of the market was 38.5% in a competitive half that had major one off sporting events on other networks.

Other revenue grew 25.1% or $20.2 million. This includes affiliation fees and program sales, as well as our 3rd party production revenue. This is another great result for program revenue with double digit growth continuing into a 5th year.

Television costs decreased 3.6% or $17.9m due to the ongoing focus on cost management, lower rights costs and produced program schedule. We note that while we expect TV costs to be lower for the full financial year, management does not expect them to reduce at the same level as the first half.

Television EBIT for the half increased 2.0% year on year.

Slide 15

Newspapers Divisional Performance – Warwick Lynch

Moving onto Newspapers on slide 15.

Segment reporting was realigned in June 2015 and comparatives have been restated to reflect the new segment structure. Newspapers now reflects all publishing businesses in Western Australia.

The West mastheads, including The West Australian, recorded a 14.8% decline in advertising revenues for the period, against a market decline of 20%. This is in a context of continuing economic challenges in Western Australia. Weaker market conditions impacted classifieds, while softer retail conditions weighed on local display advertising. As a result, the advertising market remains very short.

Circulation revenue was 9.3% lower than the prior year. Print circulation volumes declined 5.3% on weekdays and 4.7% on Saturday. Adjusting for the inclusion of digital sales, total masthead sales for weekday circulation declined just 0.2% and 1.5% on Saturday.

Cost control remains an ongoing focus as management adapts the cost structure to reflect business conditions in line with its transformation program. This half management delivered a reduction in costs of 8.3% versus the prior corresponding period. This enabled the newspaper business to maintain its market leading EBITDA margin, reporting 28.6% for the half year.

Newspapers EBIT declined by $6.9 million to $24 million.

Slide 16

Magazines Divisional Performance – Warwick Lynch

On slide 16, we show the financial performance of the Pacific business.

Circulation revenue declined by 5.4%, with volumes reducing by 8.3%. This variance reflects cover price increases for certain titles and a number of one off publications.
Financial performance was impacted by the weakness in advertising revenue which declined by 15.5% against a market decline of 14.7%.

Pacific is making material investment in new digital initiatives, which have partially offset the full extent of the business's ongoing cost transformation program. Costs were down 3.3% for the period with greater savings expected to be realised in the coming year. We forecast these digital initiatives to deliver a more meaningful contribution.

Magazines EBIT for the half was $7.3 million.

Slide 17

Yahoo7 Divisional Performance – Warwick Lynch

On slide 17

Growth of 7.4% in Yahoo7 advertising revenue was offset by a reduction in the restructured search, fees and listing revenue streams. The current half excluded revenue from Spreets which was sold in FY15. As a result total revenue decreased by 1.6% .

Yahoo7 revenues from native and video have grown strongly with Native now contributing materially to revenue. Video streams and revenue continued to grow at high double digits off the back of a 39% increase in streams. User engagement continued to grow, with monthly active users up to 15.7 million and total number of video streams over 95 million for the half year.

Costs declined by 9.2% reflecting cost efficiencies across the business, partly offset by the royalty stream agreement payable to Seven West Media on Plus7 product.

EBIT for the period increased by 16.7%. The SWM share of NPAT was $5.7 million for the half, growing in line with EBIT on a normalized basis.

Turning to slide 18.

Slide 18

Other Business and New Ventures – Warwick Lynch

Other Business and New Ventures comprises regional radio and events business in WA, Red Live, our share of Yahoo7 profit, Sky News, WA Community Newspapers and early stage investments including Presto, HealthEngine, Mediabeach and Nabo.

Please note that WA publishing assets were reclassified from Other Business and New Ventures to Newspapers at June 2015.

EBIT prior to early stage investments was $8.3 million, with the variance to last year reflecting a one-off gain in the prior period for Yahoo7.

The loss of $3.4 million for the period therefore reflects the impact of our various early stage investments.

Now back to Tim, for the operating highlights.

Slide 19

Operating Divisions – Tim Worner

Slide 20

Television – Tim Worner

Let's begin with what we believe is clearly the best television business in Australia on slide 20.

As we've said, this is our ninth consecutive year of being number one in ratings and revenue. Seven recorded a 39% revenue share for 2015 and a 38.5% share for the second half of the calendar year. This is a solid result delivered even up against the Ashes cricket, Rugby World Cup and the Australian based Cricket World Cup. These events will not be repeated in the coming year. What we will have is the Rio 2016 Olympics on Seven. We'll cover the great response we have had to this a bit later. What we have already had is a record-breaking start to this ratings season. We are above a 40 share of the crucial 25-54 demographic. No network has ever been there before.

A large part of this success lies with our Australian programs, a lot of them produced by Seven. Clear standouts included the performance of our new 5pm program, The Chase Australia, and the resurgence of Seven News following the re-launch of our schedule in early September.

Australian drama remains a core pillar of our programming strategy and an area of leadership for Seven with another year of top performing pieces including: Peter Allen, 800 Words and Home & Away.

We have been greatly encouraged by recent positive indications from Government about licence fees. We believe the Government understands that local broadcasters are seriously disadvantaged relative to over the top global competitors and the fees paid by Australian broadcasters are well in excess of those paid in any comparable jurisdiction. However, I cannot stress enough that action on this issue is now well overdue and is urgently required.

Transforming and adapting to become a more lean and agile operation is a recurring theme across all of our businesses. As I mentioned earlier, as well as the ongoing review of processes we are in active discussions with our free to air peers around how we can work better together. This includes aggregating digital technology under Freeview. We are also exploring operational efficiencies in parts of our organisations that aren't deemed areas of competitive advantage. Add to that collectively and more effectively promoting the power of television.

Slide 21

7Flix – Tim Worner

We are excited to announce that we will be launching a new FTA channel on 28th February. 7Flix, which will also be available live anywhere, anytime and on any screen will focus on premium movies , comedy and drama content. The channel is designed to complement our current demographic performance.

Slide 22

Television – Tim Worner

Moving on to slide 22.

We continue to see strong demand internationally for our programs, demand which has driven double digit growth in this division for the past four years. This half we have approximately doubled the revenue we generate from content through our 3rd party productions and program sales.

In recognition of the quality of our productions, we can now add the UK and the US to the list of territories where local versions of My Kitchen Rules are being made. The pipeline of program commissions is growing, underpinned by the success of our overseas ventures 7Wonder and 7Beyond. As you can see by the list on slide 22, this is a significant and growing part of our business.

We are investing in this area for more growth, expanding our production and distribution capabilities with several new appointments and in the UK, we've opened a second production office, this one in Birmingham. The Presto commissioned Home and Away special event was a huge success, and is a great example of extending the value of our brands across new screens and platforms.

Slide 23

Digital – Tim Worner

On slide 23 we cover our major digital initiatives.

Plus7 achieved strong growth in video streams up 34% to 30 million YoY. The launch of Live 24/7 streaming of 7, 7Two, 7Mate and Racing.com went off with a bang, driving a total of more than 345 thousand concurrent streams for the Melbourne Cup, a record in the Asia Pacific region according to our CDN partner Akamai. Telstra reported that during the 3 minutes of the race more video traffic was transferred on their Mobile Network than at any time in the history of the Internet in Australia. We followed that with The Australian Open generating another record with 7.4 million streams, with over 872,000 of those on just on one day. This had the corresponding impact on tennis Digital Revenue, up 67% YOY.

Plus7 is proving to be an increasingly valuable new window for us and My Kitchen Rules, Molly and Home and Away have driven it to new records this past 10 days.
Another one of those new windows is Presto, also seeing huge growth toward the end of this last half, subscriber numbers up 210% during that period. Driving this result was again the premiere of Seven-produced new and exclusive content, in this case, An Eye for an Eye, the Home and Away bubble episode.

To better monetize viewing trends across all screens we have this week seen the introduction of a World First from OzTAM the new Video Player Measurement – VPM . This daily report will allow us to monetize our audience, truly regardless of screen. The first few days of data show Seven with 9 out of the 10 most viewed programs online.

Social Media audiences are taking a rapidly increasing role in the promotion, engagement and revenue generation of all SWM Brands. We have recently achieved the incredible milestone of having over 25m million global fans of our brands across all networks making us one of the largest brand owners in Australia. These huge and highly engaged communities are not only an invaluable direct access avenue to promote our content but they also generated incremental revenue for our digital publishing businesses and we expect this to accelerate across FY16.

These successes have all factored in to how we will cover the Olympics, which will be the most innovative and comprehensive live sports broadcast and digital delivery undertaken in Australia to date.

Slide 24

Olympics coverage – Tim Worner

And slide 24 outlines just how extensive that coverage will be.

It will be accessible across every screen. It will be live streamed through broadcast and online. It will be available on demand so that you won't ever miss out. We will also be the first commercial network to broadcast the Paralympics. Lastly we'll have a paid transaction offering, accessing an additional 36 live streams, in both high and standard definition, also available in foreign languages. Worth noting for our investors, this will also be the most efficient and cost effective production of the Olympics.

When we think Olympics, we think about it from a group perspective. TV will not be the sole beneficiary of these games but The West, Yahoo7 and Pacific all have integrations and revenue committed from partners and sponsors.

It will be available everywhere across Seven West Media. The uptake and interest in this innovative offering has been stronger than we have ever seen for any Olympic Games this far out. And I can say the same for the Commonwealth Games on the Gold Coast in 2018 and the Tokyo Olympics in 2020 as well.

Slide 25

Yahoo7 – Tim Worner

To slide 25 and Yahoo7.

This business's MAVENs strategy which focuses on mobile, video, native and social is delivering strong growth, offsetting some of the softer trends in traditional display advertising. Revenue relating to MAVENs now represents over 50% of Yahoo7 revenue.

This is another of our businesses leveraging the power of social to maximize its reach. It is rapidly accelerating its transition to mobile and that is where the growth is. Yahoo7 is much better positioned to take advantage of that than anyone else. The reason? Seven-produced content.

Video growth trends continue to be very strong with total video streams up 40% on the prior year and Seven News video streams up 96%.

Native advertising has also grown rapidly with revenue up 400% for the half on last year. To build on that growth, we no longer rely solely on our own efforts - over 30 major local online publishers are now customers, names like Sensis, gumtree, Coastal Watch and Southern Cross Austereo.

They want the best-in-class, unique ad technology that Yahoo7 has to offer.

Slide 26

The West Australian – Tim Worner

Moving on to slide 26.

The West Australian continues to evolve as the number one news source in print and online in WA.

The West's and Channel 7 Perth's integrated news room is operating well and we are identifying new opportunities for how we can distribute our content more efficiently and effectively across multiple platforms. This creative hub also hosts our partners at Sky News and SBS, which is testament to the quality of the facilities.

New growth opportunities in digital and events are key priorities for The West. The business recently expanded its social publishing team, and have generated +30% growth in Social audiences in a short period of time, which is a strong result. We have also seen digital editions of The West Australian grow 350%, which has further supported circulation.

We continue to expand our live events capability with the purchase of Tri Events who are working on the Masters Games among other projects. In addition, we will be launching The Game, our first foray into daily fantasy sports. The Game was once just the football supplement in the paper, now it is a national mobile brand. If you look at The West's verticals outlined here, there will be more to come.

Nonetheless, softer economic conditions as well as structural challenges have continued to impact revenues this year, particularly in classifieds which have remained under pressure. Given the revenue pressures the business has faced, we have pursued further cost initiatives, cutting operating costs over 8.3% during the half.

Despite this, The West Australian's circulation continues to outperform its national peers and we continue to see a moderation in the circulation declines at The West Australian, with daily circulation effectively flat on the previous year. As a result, The West's share of national newspaper advertising revenue increased to 15.8% in the half, its highest level since June 2014.

While we continue to focus on operating efficiencies, we are constantly seeking new ways to evolve this business model and create new revenue opportunities. Our new head of digital for WAN has undertaken a full review of our digital platforms and we will announce more on our WAN strategy later this year. In the meantime, we will continue to leverage our dominance in the WA market and look for opportunistic investment where it makes sense.

Moving to slide 27

Slide 27

Magazines – Tim Worner

Pacific has delivered another strong performance versus its peers, maintaining record levels of advertising and readership share, while also recording a new record share in circulation. However, in recognition of challenging revenue trends, particularly in circulation, we have launched another cost reduction program, which will deliver further efficiencies into the second half of FY16.

We continue to focus on key categories of audience interests, what we call 'passion points'. We go after leadership within those categories – and we are delivering. However our core strategy is to shift Pacific from a print centric business to an audience business. Evidence of this is the strong social and digital audience growth for our magazine brands this half – up 67% year on year.

New digital ventures successfully launched this half include: Pepper Leaf, MyWedding, Styled by Marie Claire, BeautyCrew and Allrecipes. More initiatives are underway and will be announced later this year.

Yesterday we announced our investment into fast growing digital brand 'Starts at Sixty'. People aged 60 and over constitute Australia's fastest growing age group with huge spending power & influence. Starts at Sixty will be incubated at Pacific alongside other huge brands that also appeal to this important demographic like BHG and Prevention.

Slide 29

Strategy & Outlook – Tim Worner

As a leadership group, we have spent time reviewing the critical strategic pillars of the company. These can be distilled down into the key themes you see on slide 29.

Firstly, content ownership. SWM already produces more television and video content than any other Australian company and we will continue to build on this strength. As I have previously mentioned, one of the key highlights this year will be the unmissable Olympics, where we will deliver more hours of content, to more people and on more screens than any other games in history. Everyone in the company is focused on delivering an extraordinary Olympics and Paralympics. We also plan to expand our content production and distribution businesses. Finally we will look to underserved demographics to deliver content specific to their interests, needs and consumption habits.

Next we plan to Grow our Audience. Many would say that this is a bold claim but we know we can accomplish this through new products and business models leveraging the content that we own and control. We will redouble our efforts in mobile, building on the success of products like 7Tennis and Plus7 to extend the reach and deepen the engagement with our content. We will also use first party data and partnerships to create a more valuable audience for our advertisers.

Moving to diversify earnings. For many years we have been reliant on the advertising market for the majority of our revenue and this will continue to be the cornerstone in the medium term. However we also need to diversify our business model to tap into new revenue pools in e-commerce, transactions and subscriptions. We will also build out our live events business on the back of last weekend’s extraordinarily successful Royal Edinburgh Military Tattoo. 5 sold out shows at Etihad Stadium, Bruce Springsteen couldn’t do that! Another great example of the value in that baby-boomer demographic – they may be over 60 but they have the highest level of disposable income. We are always looking for opportunities to build or accelerate revenues in our owned businesses and minority interests and we’ll continue to invest in companies like Starts at Sixty and Nabo where it makes sense to do so.

Lastly, we will be a leaner and stronger organisation maximising the opportunities in our combined broadcast, digital and social ecosystem. We will become easier to do business with using automation and content delivery systems to improve how we interact with our partners.

We recognise that to be the best we can be, Seven West Media needs to be a more collaborative organisation which embraces disruption and innovation and we will ensure these values are evident right across our group.

Slide 30

Questions – Tim Worner

That’s it. Now we open up for questions.